

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 PA-01 SP-02 SS-15 NSCE-00 SSO-00
USIE-00 INRE-00 AID-05 CEA-01 COME-00 EB-08 EA-10
FRB-03 IO-13 NEA-10 OPIC-03 TRSE-00 LAB-04 SIL-01
AGRE-00 OMB-01 SSC-01 /110 W
-----040677 251326Z /45

O 251311Z FEB 78
FM AMEMBASSY MADRID
TO SECSTATE WASHDC IMMEDIATE 3587
INFO AMEMBASSY BRUSSELS
AMEMBASSY LISBON
AMEMBASSY PARIS

C O N F I D E N T I A L MADRID 02036

OECD AND EMBASSY

USEEC AND EMBASSY

E.O. 11652: GDS
TAGS: PINT, ECON, SP
SUBJECT: CABINET CHANGES ANNOUNCED

REF: MADRID 2027

1. CABINET CHANGES WERE ANNOUNCED BY GOS EVENING
FEBRUARY 24. ONLY SURPRISE IN CABINET RE-SHUFFLE WAS
RETENTION OF ECONOMIC VICE PRESIDENCY POSITION AND
NAMING OF THIRD VICE PRESIDENT FOR POLITICAL AFFAIRS
FERNANDO ABRIL MARTORELL TO THAT IMPORTANT SLOT AS
REPLACEMENT FOR FUENTES QUINTANA. FUENTES REPORTEDLY
WILL REMAIN IN THE GOVERNMENT AS AN ECONOMIC COUNSELOR
WITHIN THE PRESIDENCY. OTHER NEW MINISTERS, AS REPORTED
REFTEL, ARE AGUSTIN RODRIGUEZ SAHAQUN FOR INDUSTRY AND
ENERGY, RAFAEL CALVO ORTEGA FOR LABOR, JAIME LAMO DE
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ESPINOSA FOR AGRICULTURE, AND SALVADOR SANCHEZ TERAN
FOR TRANSPORTATION AND COMMUNICATIONS.

2. WITH THE CABINET CHANGES, SUAREZ HAS REMOVED THOSE
MINISTERS WHO HAD BECOME MOST CONTROVERSIAL AND WHO
WERE AT ODDS WITH EACH OTHER OVER SPECIFIC ECONOMIC
POLICIES. THE NEW MINISTERS ARE ALL CLOSE TO SUAREZ

PERSONALLY AND, EXCEPT FOR RODRIGUEZ SAHAGUN, ARE PROMINENT UCD LEADERS. PROBABLY FOR THIS REASON, THE LOCAL PRESS IS CHARACTERIZING THE NEW CABINET AS MORE CLEARLY UCD AND AS A MOVE SLIGHTLY RIGHT FROM LEFT-CENTER. WHETHER SUCH A CHARACTERIZATION IS ENTIRELY ACCURATE IS NOT CLEAR. EX-LABOR MINISTER JIMENEZ DE PARGA WAS CERTAINLY ANATHEMA TO BUSINESSMEN, BUT A PROMINENT SPANISH BANKER TOLD THE EMBASSY LAST FALL THAT HE ALSO CONSIDERED ABRIL MARTORELL TO BE ANTI-BUSINESS AND ANTI-BANKING.

3. WE PRESUME THAT THE MONCLOA PACT WILL CONTINUE TO BE FUNDAMENTAL BASIS OF OVERALL ECONOMIC POLICY, BUT THAT THERE MAY BE SOME MODIFICATION TO ENCOURAGE BUSINESS CONFIDENCE. FINANCE MINISTER FERNANDEZ ORDONEZ INDICATED TO THE AMBASSADOR FEBRUARY 24 THAT THIS POINT WAS OF REAL CONCERN TO THE GOVERNMENT IN CONNECTION WITH THESE CABINET CHANGES. CONTROL OVER ALL IMPORTANT MONETARY POLICY AND THE BANKING SYSTEM, WHICH FUENTES QUINTANA HAD ASSUMED, WILL BE RETURNED TO THE FINANCE MINISTRY UNDER FERNANDEZ ORDONEZ, WHO WILL THUS BECOME THE LEADING ECONOMIC MINISTER IN THE CABINET. ABRIL MARTORELL, WHO HAS NO KNOWN CREDENTIALS AS AN ECONOMIST, HAS TALENTS FOR OVERALL COORDINATION, MANAGING PEOPLE, AND POLITICAL COMPROMISE. MOREOVER, HE IS THE CLOSEST ONE IN THE GOVERNMENT TO SUAREZ.
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4. IN CONNECTION WITH CABINET RESHUFFLE, IT IS EXPECTED THAT MINISTERS WILL BE SWORN IN ON MONDAY. IT HAS ALSO BEEN ANNOUNCED THAT SUAREZ WILL NOT GO TO POLAND AND YUGOSLAVIA, BUT THAT FOREIGN MINISTER OREJA WILL SUBSTITUTE FOR HIM. STABLER

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